FANCL CORPORATION
TSE 1st Section: Code No. 4921

Notice concerning the waiver of loans to subsidiary company

YOKOHAMA, March 12, 2012 –As indicated in our December 5, 2011 announcement “Notice concerning company separation (divisive reorganization), company name change and transfer of shares of newly established company, special liquidation of subsidiary and uncollectable claims”, Fancl resolved to waive loans owed following the special liquidation of a subsidiary company upon the transfer of shares of a newly established company once the company separation of real estate subsidiary IIMONO FUDOSAN Co., Ltd. (Previous name: IIMONO OHKOKU Co., Ltd.) is complete. Fancl hereby announces that it has resolved to waive loans in accordance with special liquidation proceedings of the subsidiary company. Details are as follows.

1. Outline of subsidiary company

Business name:	IIMONO FUDOSAN Co., Ltd.
Head office:	Kanagawa-ken, Yokohama-shi, Sakae-ku, Iijima-cho 109-1
Representative director:	Hiro Hasegawa, CEO
Main business:	Special liquidation planned. Currently not conducting business.
Capital:	¥196 million
Main shareholders (% share):	FANCL (81.6%)

2. Reason for loan waiver

Fancl will sell the subsidiary company’s building and land being used by the subsidiary as loan collateral, to a third party. Following this sale all assets of the subsidiary company are planned to be used to repay loans to Fancl, excluding the cash payment required to carry out the special liquidation. The sale of the subsidiary company’s building and land is scheduled for March 16, 2012, and following the repayment of a portion of the loans to Fancl, an application to initiate special liquidation proceedings will be immediately filed and in accordance with special liquidation procedures, loans to the subsidiary company will be waived.

3. Details of loan waiver

Debt type:	Loans receivable
Debt waiver amount:	¥1,250 million (forecast)
Status of reserves:	Allowance for doubtful accounts for ¥1,252 million has been recorded in the non-consolidated financial statements for the end of the previous fiscal year

4. Impact on results:

The combined effect on consolidated results from the share transfer of the newly established company following the company separation of the subsidiary, the special liquidation of the subsidiary and the waiving of the subsidiary loans is forecast to boost net income by about ¥900 million due to an anticipated ¥700 million reduction in corporate tax payments due to recording about ¥200 million in extraordinary income from the transfer of the shares of the subsidiary of the newly established company and in addition to being unable to recover the debt waiver on the loan due to the liquidation of the subsidiary company and the repayment of a certain amount of the loan following the sale of the subsidiary head office building and land.

As stated in the revisions to operating results forecasts announced on January 26, 2012, the extraordinary income of approximately ¥200 million resulting from the transfer of shares of the newly established company and the company separation of the subsidiary has already been reflected in operating forecasts, and therefore the additional positive benefit to net income is approximately ¥700 million.

***** Ends *****